

Date: July 10, 2009



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Fish House Restaurant – Assignment of sublease to an affiliate company of Sequoia Company of Restaurants Inc.

RECOMMENDATION

- A. THAT the Board approve the assignment of the Sublease with respect to the Fish House in Stanley Park (the “Sublease”) from bcIMC Realty Corporation, as tenant, and Silverbirch No.42 Holdings Ltd., as trustee, to an affiliate company of Sequoia Company of Restaurants Inc. (“Sequoia”) to be incorporated by Sequoia;*
- B. THAT no legal rights shall arise and no consents, permissions or licences are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.*
- C. THAT once the form of all legal documentation has been approved by the General Manager and the Director of Legal Services for the City of Vancouver, that the General Manager be authorized to execute and deliver such documentation on behalf of the Board*

BACKGROUND

In January, 2006 the Board approved the following resolutions:

- A. THAT the Board approve the assignment of the Fish House in Stanley Park Ltd. To Canadian Hotel Income Properties Real Estate Investment Trust (CHIP REIT)
- B. THAT the rent for the Fish House for the term November 1, 2005 – October 31, 2010 be set at 6% for the first \$3,500,000 of gross revenue (including liquor) and 4% of gross revenue over \$3,500,000.
- C. THAT an additional five year option (November 1, 2010 – October 31, 2015) be given to CHIP REIT in return for a capital investment of a minimum of \$250,000 over the first three years of the current term.

In October, 2007 CHIP REIT advised staff that due to a reorganization, there would be a wind-up of the Trust and requested to be released by the City from its liabilities and obligations under the sublease and requested an assignment of the Fish House sublease from CHIP REIT to bcIMC who would assume any present or future liabilities of CHIP REIT.

Silverbirch No. 42 Holdings Ltd (formerly CHIP REIT No. 42 Holdings Ltd) would be the Trustee of the lease.

bcIMC was an investment management corporation based in Victoria, B.C. with over \$83 billion in assets under administration.

DISCUSSION

The tenant, bcIMC Realty Corporation, has advised the Board that it wishes to assign its interest in the Sublease to an affiliate company of Sequoia to be incorporated by Sequoia.

bcIMC is in good standing with the Board and under the third resolution in the January, 2006 Board report invested far more than the required \$250,000 in upgrades to the Fish House.

The Board requires that Sequoia also be a party to the assignment agreement as a guarantor or indemnitor to guarantee and indemnify the affiliate's obligations as the new tenant under the Sublease. Sequoia have agreed to this condition.

Sequoia has a long successful history with the Board dating back to 1977 when their principal, Brent Davies, converted an old tea room into the Ferguson Point Teahouse, which has proven to be one of Vancouver's consistently popular restaurants. In 1983 the company bought the old Quarry House Restaurant in Queen Elizabeth Park and after extensive renovations opened Seasons in the Park Restaurant.

Sequoia has always maintained a high standard of service and has been responsive to the challenges of operating in two of Vancouver's most popular City parks. The company has had a positive relationship with the Board both from a financial and operational perspective and based on their previous history staff feel they will be good operators of the Fish House Restaurant.

SUMMARY

Both their principal, Brent Davies and Sequoia have had a good relationship with the Board for over 30 years and the assignment of the Sublease to an affiliate of Sequoia, with Sequoia as an indemnitor/guarantor under said assignment, should ensure the restaurant continues to be successful in the years ahead.

Philip Josephs
Stanley District
Vancouver Board of Parks and Recreation
Vancouver, BC